REBUTTAL TESTIMONY OF

JAMES W. NEELY, P.E.

ON BEHALF OF

DOMINION ENERGY SOUTH CAROLINA, INC.

DOCKET NO. 2021-88-E

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.

A. My name is James W. Neely and my business address is 220 Operation Way, Cayce, South Carolina. I am employed by Dominion Energy Services, Inc. as an Energy Market Consultant for Dominion Energy South Carolina, Inc. ("DESC" or the "Company").

Q. HAVE YOU PREVIOUSLY TESTIFIED IN THIS PROCEEDING?

A. Yes, I previously submitted direct testimony in this matter on behalf of DESC.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. I am responding to certain portions of the testimony of Brian Horii, which was submitted on behalf of the South Carolina Office of Regulatory Staff ("ORS"), and to that of Kenneth Sercy, which was submitted on behalf

of the South Carolina Coastal Conservation League and the Southern Alliance for Clean Energy ("SCCCL/SACE"). The lack of a response to any of the specific assertions made by these witnesses does not constitute the Company's agreement to those assertions.

RESPONSE TO TESTIMONY OF BRIAN HORII

Q. WHAT IS YOUR RESPONSE TO WITNESS HORII'S ASSERTION ON PAGES 5-6 OF HIS DIRECT TESTIMONY THAT YOUR DEFINITION OF MARGINAL COSTS IS TOO NARROW?

A. I do not agree. The definition of marginal costs provided in my testimony is based on the way production cost models such as PLEXOS calculate marginal costs and is appropriate for use in this context. Even Mr. Horii agrees that my definition "is a common way marginal costs are described." Based on my definition, the marginal costs as defined and used by PLEXOS—and commonly used in production cost models—do not meet the definition of avoided costs because they do not represent costs to be avoided. The difference between avoided costs and marginal costs is an important distinction since PLEXOS is used to calculate both values.

Q. DO YOU AGREE WITH WITNESS HORII'S ASSERTION ON PAGE 21 THAT DESC SHOULD USE 66 MW AS THE ASSUMED

CAPACITY CHANGE USED IN CALCULATION OF AVOIDED CAPACITY?

A. No. Using a capacity change of 100 MW is consistent with the Company's calculation of avoided energy costs. Moreover, the MW change should be reflective of the MW that the Company could expect that it would be required to purchase from QFs over the next two years, and it is reasonable to expect that several hundred MW of QFs will be built in the Company's service territory over the next two years. Finally, PURPA specifically provides that a utility may use a capacity change of up to 100 MW to calculate avoided costs.

Q. DO YOU AGREE THAT DESC SHOULD USE 2022 AS THE BASE YEAR FOR THE AVOIDED CAPACITY CALCULATION?

A. Yes. Witness Horii's recommendation on page 23 of his Direct Testimony is correct and the Company accepts that proposal. This adjustment would change the annual avoided capacity value from $49.89/kW-year to $58.81/kW-year. Company witness Allen Rooks will sponsor updated tariffs to reflect the change in the Company's proposal.

For non-solar QFs that qualify for the Standard Offer Rate and Rate PR-1, the avoided capacity cost is now $58.81/kW-year. This avoided capacity rate will be paid during the months of December, January, and

February for energy generated from 6 a.m. to 9 a.m. The annual value to be paid for each of the 270 hours (90 days x 3 hours/day = 270 hours) during this three-month period is $0.21781/kWh ($58.81/kW-yr. ÷ 270 = $0.21781/kWh).

The avoided capacity cost for solar QFs subject to the Standard Offer Rate and Rate PR-1 is $2.9405/kW-year. Incremental solar QFs above the existing 973MW of existing power purchase agreements ("PPA" or "PPAs") have a 5% Effective Load Carrying Capacity (ELCC) rate. Five percent of $58.81/kW-yr. is $2.9405/kw-yr. This capacity value will be paid out hourly as $0.00140/kWh ($2.9405/kW-yr. ÷ 8,760 hours ÷ 23.9% capacity factor = $0.00140/kWh).

RESPONSE TO TESTIMONY OF KENNETH SERCY

Q. IS IT CORRECT THAT, AS CONTENDED BY WITNESS SERCY ON PAGES 5 THROUGH 9 OF HIS DIRECT TESTIMONY, THE GAS PRICES USED BY THE COMPANY IN CALUCLATING AVOIDED COSTS WERE TOO LOW?

A. No. The Company used the best available and most appropriate information and projections in calculating its avoided costs. Witness Sercy's contention is that the Company should have used the same methodology that it was required to use in the IRP proceeding. Specifically, he seeks to have

the Company use projected gas prices from the U.S. Energy Information Administration ("EIA") Annual Energy Outlook ("AEO") projections instead of the method it actually used, which was the NYMEX natural gas futures prices and an escalation factor derived from the EIA AEO reference case gas price forecast. Witness Sercy's recommendation would not, however, lead to more accurate gas price forecasts for this proceeding.

Q. WHY WOULD WITNESS SERCY'S RECOMMENDATION NOT RESULT IN MORE ACCURATE GAS PRICE PROJECTIONS?

A. Witness Sercy fails to recognize that for calculating avoided costs, it is necessary to derive the most accurate projection that can be ascertained at the time the costs are calculated. EIA's use of three gas forecasts does not provide a single forecast and instead provides a broad and wide range of how prices might develop depending on the development of numerous factors. So, although using EIA's AEO forecast of gas prices may be appropriate for scenario analysis such as that developed in the IRP, use of those forecasts is not appropriate or required in this proceeding because a prudent and reliable avoided costs calculation requires a more accurate forecast than that provided by the any of the three that EIA calculates once a year.

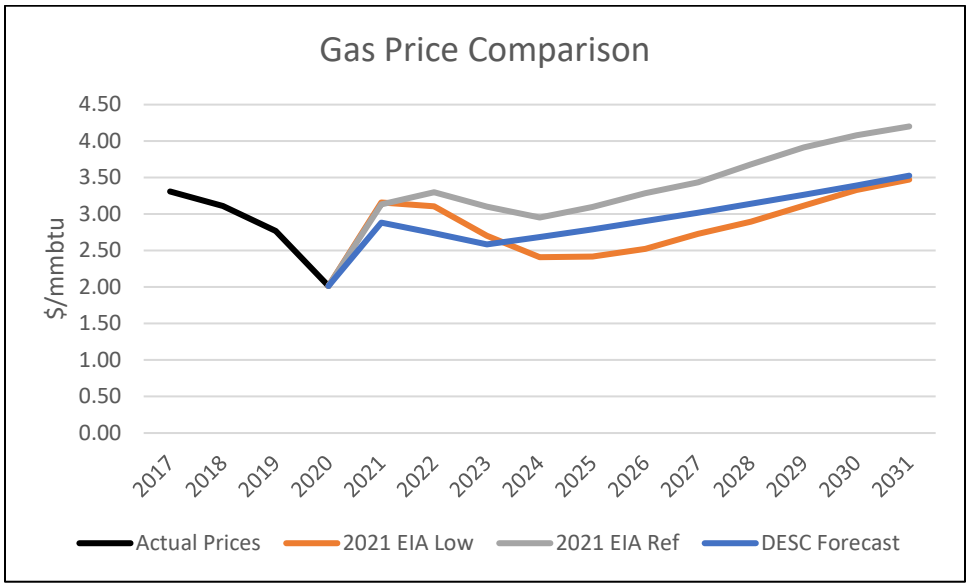
Q. HOW DOES THE FORECAST USED BY DESC COMPARE WITH THE EIA AEO FORECASTS?

A. Very favorably, demonstrating that it is a prudent and reasonable forecast within the very wide parameters identified by the EIA. Moreover, the gas forecast used by DESC better represents the expected gas prices at the time of the avoided cost calculation because it is created based on current factors, whereas the EIA AEO projections are determined once a year and market characteristics may have changed between the time those projections were made and the calculation of DESC's avoided costs.

Q. CAN YOU PROVIDE A COMPARISON OF DESC'S AVOIDED COST CALCULATION WITH THE EIA AEO PROJECTIONS?

A. Yes. In Chart 1, below, I show the EIA AEO 2021 Low and Reference projections along with DESC's gas price projections. As can be seen in the chart, DESC's projections compare very favorably with the AEO Low and Reference case price projections.

Chart 1



Q. WOULD WITNESS SERCY'S RECOMMENDATION TO USE A BLENDED FORECAST INSTEAD OF THAT APPLIED BY THE COMPANY RESULT IN A MORE ACCURATE CALCULATION OF AVOIDED COSTS?

A. No. Although use of a blended forecast would be more accurate in the first year than his other proposals—because it would use the same numbers the Company used in the first year—his recommendation would suffer from the same deficiencies described above after the first year and long term.

Q. DO YOU AGREE WITH WITNESS SERCY'S ASSERTION ON PAGE 9 OF HIS DIRECT TESTIMONY THAT THE COMPANY

FAILED TO "USE A REASONABLE LOAD FORECAST IN ITS PROPOSAL"?

A. No, I do not. As shown in Table 1, below, the load forecast used in the Company's avoided costs calculations is the Company's latest forecast and comes directly from the 2020 Modified IRP and includes the appropriate level of DSM, as required in Order No. 2020-832. The Company has used this forecast for all of its analyses.

Table 1

Year	Annual Energy 2020 Modified IRP (GWh)	Annual Energy Avoided Cost (GWh)
2021	23937	23937
2022	24034	24034
2023	24152	24152
2024	24221	24221
2025	24213	24213
2026	24304	24304
2027	24388	24388
2028	24441	24441
2029	24507	24507
2030	24554	24554
2031	24785	24785

Year	Annual Peak 2020 Modified IRP (MW)	Annual Peak Avoided Cost (MW)
2021	4890	4890
2022	4939	4939
2023	4961	4961
2024	4973	4973
2025	4967	4967
2026	4984	4984
2027	4998	4998
2028	5013	5013
2029	5024	5024
2030	5031	5031
2031	5086	5086

Q. DO YOU AGREE WITH WITNESS SERCY'S STATEMENT THAT THE COMPANY'S LOAD FORECAST USED IN THIS

PROCEEDING WAS 1.2% LESS THAN THAT USED IN THE 2020 MODIFIED IRP?

A. No. Witness Sercy's assessment is incorrect because he used either faulty analysis or data. I am unable to ascertain the sources of his errors.

Q. HAS DESC INCLUDED IN ITS FILINGS THE INFORMATION NEEDED TO DETERMINE WHETHER THE PRICING PERIODS ARE REASONABLE?

A. Yes. Contrary to Witness Sercy's characterizations on page 10 of his Direct Testimony, DESC provided all the hourly marginal cost data as well as the hourly dispatch data for all modeling used to determine the hourly periods. In fact, Witness Sercy acknowledges on page 11, lines 11-13 of his testimony that "DESC provided hourly system marginal cost data from PLEXOS and included a 12 x 24 heat map matrix of average LMPs for each 12 months of the year and hour of the day." Witness Sercy was provided all the data that DESC used to create the pricing periods.

Q. WHAT IS YOUR RESPONSE TO WITNESS SERCY'S STATEMENT ON PAGE 11 OF HIS DIRECT TESTIMONY THAT THE HEAT MAP CONTAINS UNCLEAR AND INCONSISTENT INSTANCES AND

THAT HE IS UNABLE TO DETERMINE WHETHER THE PERIODS ALIGN WITH THE COLOR PATTERN?

A. I disagree. DESC's discovery responses provided sufficient information to evaluate its avoided cost calculations. Specifically, SCCCL/SACE received all the data that they requested in their three data requests as well as the eight data requests from the other intervenors. The following modeling data was provided to all intervenors as requested: ten years of hourly loads; ten years of monthly gas prices; ten years of hourly generation for all modeled generators for all modeled seeds; ten years of hourly marginal costs for all modeled seeds, ten years of annual avoided costs; and the 8,760-hour solar profile that was used. The data provided was sufficient to determine the appropriateness of the Company's conclusions.

Q. DOES THE PRODUCTION PROFILE OF A PROPOSED QF ACTUALLY ALIGN WELL WITH THE PRODUCTION PROFILE ASSUMED BY DESC IN DEVELOPING THE SOLAR QF ENERGY RATE?

A. Yes. Contrary to Witness Sercy's assertions on page 14 of his Direct Testimony, the single solar profile used by the Company to create the solar avoided cost was created using 20 single axis tracking systems currently operating on the DESC system. DESC has relatively few fixed tilt systems

and trends suggest that future projects will be single axis tracking systems. It is true that this profile may overstate the benefit that any one system would be able to provide by removing much of the solar system variability and giving locational diversity benefit to every system. However, the methodology employed by the Company yields a prudent and reasonable calculation of solar avoided costs because it aligns well with the operating characteristics and technological nature of the solar generators actually connected to the Company's system as well as those being proposed for connection in the future. It should be noted that customers could inappropriately pay more if Witness Sercy's recommendation is adopted.

Q. DO YOU AGREE WITH WITNESS SERCY'S ASSERTIONS ON PAGES 14-15 OF HIS DIRECT TESTIMONY THAT THE TIME OF PRODUCTION AVOIDED COST PROVIDED FOR NON-SOLAR QFS ALSO BE APPROPRIATE FOR SOLAR ONLY QFS?

A. No. The system dispatch requirements for including solar QFs are more costly than those for non-solar QFs. For this reason, the avoided cost for solar QFs must be less than that of a non-solar QF, which can typically generate around the clock and does not require the constant ramping of other resources as is needed with solar QFs. A second problem arises as more and more solar is added to the system in that there are hours when solar is adding

power to the system when it is not needed and therefore it has no value. Those hours are captured in the solar avoided cost.

Q. IS WITNESS SERCY CORRECT ON PAGE 15 OF HIS DIRECT TESTIMONY THAT "THERE ARE NO REAL ISSUES SPECIFIC TO STANDALONE SOLAR PV THAT NECESSITATE A SOLAR-SPECIFIC RATE"?

A. No. This perhaps could have been true for the first 300 MW of solar that was added to DESC's system but is no longer correct now that more than 1,200 MW of solar is generating or is party to a signed PPA. The large amount of solar relative to the total system load causes real issues now and those issues will increase in severity as more solar generators with the same or a similar profile are added. The purpose of this avoided cost filing is to correctly value new QFs that will be added over the next two years.

Q. DO YOU AGREE WITH WITNESS SERCY'S STATEMENT ON PAGE 16 OF HIS DIRECT TESTIMONY THAT USING A LOCATIONAL MARGINAL PRICING ("LMP") SYSTEM WOULD BE A GOOD SOLUTION FOR DESC?

A. No. The problem with this suggestion is that solar generators tend to locate where land is plentiful but load is absent. A 75 MW solar generator

needs a minimum of 400 acres of space—in most cases much more—and, consequently, tends to locate in area of low population density and, thus, low system load. Because of this, the locational avoided costs under the LMP system would be lower for many solar generators.

Q. IS MODELING WILLIAMS STATION AS MUST-RUN APPROPRIATE?

A. Yes. Contrary to Witness Sercy's suggestions on pages 16-17 of his Direct Testimony that doing so creates uneconomical dispatch, modeling Williams Station as must-run reflects real world conditions and constraints on the DESC system. Specifically, modeling Williams Station as other than must-run would artificially reduce the avoided cost values that DESC has calculated. In other words, adopting Witness Sercy's suggestion would also lead to a reduction in the calculated amount of avoided costs, which he presumably opposes. Modeling Williams Station as must-run facilitates the accurate calculation of avoided costs that do not disadvantage the QF or the customer.

Q. DO DESC'S AVOIDED ENERGY RATE PROPOSALS FAIL TO ACCURATELY REFLECT DESC'S AVOIDED COSTS AS REQUIRED BY THE EFA?

A. No. Witness Sercy has provided no evidence to support his accusation on page 17 of his Direct Testimony that DESC avoided energy rates fail to accurately reflect DESC's expected avoided energy costs. The only basis he advances for this assertion are his criticisms of the gas price projections and load assumptions, but these criticisms are unfounded for the reasons I have explained above. Moreover, his assertions regarding a single technology-neutral rate are unfounded and do not constitute a more reasonable alternative than the solar and non-solar rates developed by the Company.

Q. IS IT TRUE AS WITNESS SERCY CLAIMS ON PAGE 18 OF HIS DIRECT TESTIMONY THAT QFS WILL "ONLY BE COMPENSATED AT THE FULL AVOIDED CAPACITY RATE IF THEY GENERATE DURING ALL AVOIDED CAPACITY PAYMENT HOURS"?

A. Yes, and that is appropriate. For example, if non-solar QFs only generate their full capacity in one of the three hours where the capacity need is defined, then they would only be compensated for one third of the full avoided capacity payment. Or, if the non-solar QFs generate at one half of

their capacity in all hours, then they would only be compensated with one-half of the full capacity payment. Any other way of paying for capacity would cause DESC's customers to pay for something they did not receive. This would be in direct conflict with the requirements of Act No. 62 which specifically requires that approved "rates for the purchase of energy and capacity fully and accurately reflect the electrical utility's avoided costs" and that "any decisions by the [C]ommission shall be just and reasonable to the ratepayers of the electrical utility."

Q. IS IT TRUE THAT, AS WITNESS SERCY STATES ON PAGES 18-19 OF HIS DIRECT TESTIMONY, THE UTILITY'S OWN GENERATORS SHOULD BE PENALIZED IN THE AVOIDED CAPACITY CALCULATION USING A PERFORMANCE ADJUSTMENT FACTOR ("PAF")?

A. No. The avoided energy costs calculation is the appropriate place to address the forced outages of the Company's own resources. All Company owned generators are modeled with forced outage rates, maintenance outages, ramp rates, and all other constraints which result in an appropriate calculation of the avoided energy costs. The avoided cost calculations do not penalize any resource but do accurately calculate the avoided energy and capacity values of both solar and non-solar resources.

In other words, the capacity cost calculation does not use a specific utility owned resource. It uses the construction and fixed O&M of a potential new resource that is chosen because it is appropriate for estimating system capacity value. Construction costs and fixed O&M is sufficient to estimate system capacity value. A PAF that artificially inflates capacity values is not needed or appropriate.

Q. REGARDING THE AVOIDED CAPACITY RATES, WITNESS SERCY CONTENDS ON PAGE 20 OF HIS DIRECT TESTIMONY THAT DESC'S ASSUMPTIONS FOR CERTAIN TECHNOLOGY COSTS WERE "UNREASONABLY LOW." WHAT IS YOUR RESPONSE TO THAT?

A. I disagree. The aero-CT costs used came from the interactions with turbine vendors and accurately reflect the costs that DESC would have to pay for the turbine being modeled. First, to use a generic cost is not appropriate when actual cost data is available. In addition, to inflate the cost for the purpose of increasing the compensation of QFs above actual avoided cost is in in direct conflict with Act No. 62, which requires that "rates for the purchase of energy and capacity fully and accurately reflect the electrical utility's avoided costs" and "any decisions by the [C]ommission shall be just and reasonable to the ratepayers of the electrical utility." Modeling costs that

are higher actual costs would penalize the utility's customers and not accurately reflect the utility's avoided cost.

Q. WHAT IS YOUR RESPONSE TO WITNESS SERCY'S ASSERTION ON PAGE 27 OF HIS DIRECT TESTIMONY THAT HE CANNOT FULLY EVALUATE THE ELCC CALCULATION BECAUSE HE LACKS SUFFICIENT INFORMATION?

A. I disagree that the Company has not provided sufficient information to evaluate the ELCC calculation. The discovery process is available to intervenors to request any data, calculations, models, etc. to evaluate the Company's calculations as well as answer any questions with regard to those calculations. Intervenors used this process to submit extensive and detailed discovery requests to the Company and, in response, a complete set of data and the SAS program used to calculate the ELCC was provided to all intervenors by the Company.

Q. AND DO YOU AGREE WITH WITNESS SERCY'S ASSERTIONS ON PAGES 23-24 OF HIS DIRECT TESTIMONY REGARDING THE USE OF INDUSTRY STANDARD INFORMATION AND BEST PRACTICES IN CALCULATING THE ELCC?

A. No, I do not. Witness Sercy fails to provide any data or analysis to support this assertion. An ELCC calculation need not be complicated in order to effectively calculate the capacity benefit that solar provides to the DESC system. There are three simple steps in DESC's ELCC calculation. In Step 1 the LOLH index is calculated indicating the hours per year of expected capacity shortfall. In Step 2, the reliability impact of adding another increment of solar is calculated, which is observed by the change to the LOLH index. Typically, the LOLH index decreases indicating an increase in reliability. The goal of Step 3 is to determine the point at which the LOLH index returns to the base setting, and this is estimated by either increasing the system loads or equivalently decreasing the system capacity. Since there are 8,760 hours of system loads, it is easier to simply decrease the system capacity, which is what is done. Therefore, the ELCC capacity value of the incremental solar has a firm capacity equal to the system capacity value necessary to return the LOLH value back to the initial value.

Q. IS WITNESS SERCY'S STATEMENT ON PAGE 26 OF HIS DIRECT TESTIMONY THAT THE "ELCC RESULTS MAY BE UNDERVALUING SOLAR PV" REASONABLE?

A. No, it is not. If anything, the 5% ELCC is very generous since DESC's need for capacity is based on winter peaks and any new capacity should help meet the winter peak in order to avoid any future capacity costs. Witness Sercy's assertion in this regard is based largely on his reference to a Lawrence Berkeley National Laboratory ("LNBL") study. However, this study is based on solar capacity credits calculated using the load duration method for certain Florida municipal utilities. But Florida electric utilities and municipal utilities, for many reasons, have completely different operating characteristics than those of DESC.

There are many reasons for this. Obviously, DESC is not located in Florida nor is it a municipal utility. But above and beyond those differences, each utility has a unique set of generating assets, a unique set of customers and therefore a unique load profile. Operating characteristics such as the utility's need for additional summer capacity versus the need for additional winter capacity will make a large difference in the ELCC calculation. Utilities who need additional summer capacity will obviously obtain more benefit from solar generators than utilities whose need is for additional winter

capacity, like DESC, since a utility's winter load profile doesn't align well with the solar profile.

In short, the LBNL report is based on different utilities with different operating characteristics and different load profiles. Comparing DESC to these utilities is not an effective way to draw meaningful conclusions.

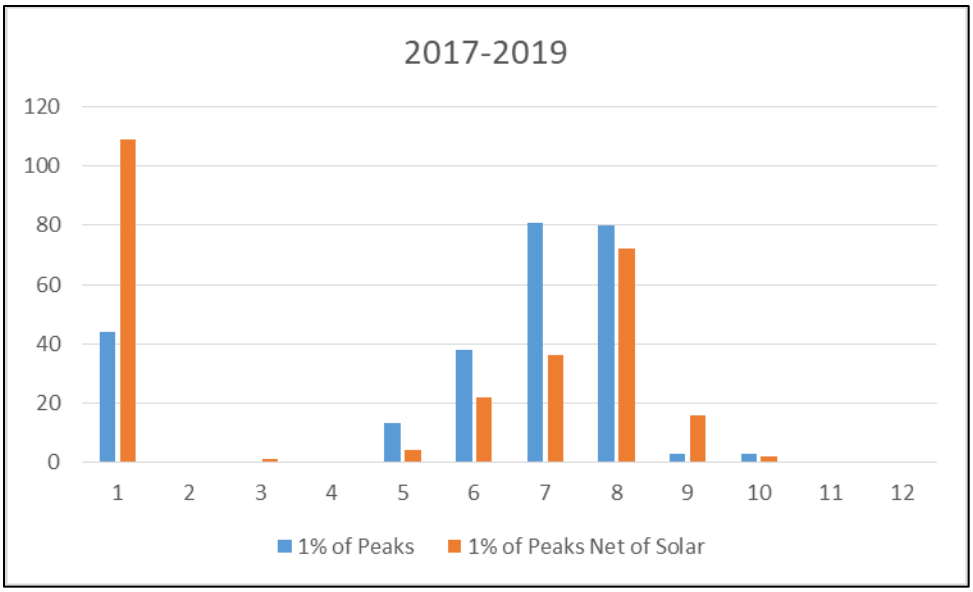
Q. IS WITNESS SERCY CORRECT ON PAGES 28-29 OF HIS DIRECT TESTIMONY THAT DESC'S NON-SOLAR CAPACITY VALUE IS FLAWED BECAUSE IT PROVIDES ALL THE BENEFIT IN A THREE-HOUR WINTER WINDOW AND IS IT TRUE THAT THE COMPANY DOES NOT PROVIDE ANY BASIS IN TESTIMONY OR INITIAL DISCOVERY FOR THIS ASSUMPTION?

A. No; neither of these assertions is correct. DESC provided data and response in SCCCL/SACE Data Request 2-10 substantiating the reasonableness of the three-hour winter time period. Witness Sercy failed to factor into his assumptions the difference in reserve margin requirements between summer and winter on the DESC system. With a 21% winter reserve margin requirement and a 14% summer reserve margin requirement, plus available existing summer solar capacity, all of the need for additional capacity is driven by winter demand. Additional summer capacity does not avoid any future capacity costs and therefore avoided capacity credits are

earned by resources that can help meet winter peaks. Providing solar capacity with a 5% capacity credit which is paid every hour that solar generates is appropriate.

In addition the analysis that Witness Sercy made which is presented in his Figure 3 is flawed. He obviously used incorrect data and/or assumptions. For instance, Witness Sercy says he included 1% of the peaks from years 2017-2019 but his graph includes around 400 data points. If he used 1% of the peaks from 2017 to 2019, there would be only 262 data points. In addition there are other issues with his chart, which I have taken the liberty of correcting in the chart below:

Corrected Sercy Figure 3



Because of the difference in reserve margin, all new capacity needs are driven by the winter peaks—the summer peaks are not included in the

calculation of avoided capacity costs. Solar producers are appropriately compensated for capacity in every hour that they generate based on the ELCC calculation. Non-solar is appropriately compensated for capacity in the three-hour winter window.

Q. WHAT IS YOR RESPONSE TO WITNESS SERCY'S CLAIM ON PAGE 31 OF HIS DIRECT TESTIMONY "THAT THE COMPANY'S APPROACH TO RESOURCE ADEQUACY IS SERIOUSLY DEFICIENT"?

A. I disagree. This claim is based on his assertions regarding various factors or assumptions used in the calculation of the avoided capacity rates. However, for the reasons I have explained above, Witness Sercy is mistaken in these assertions. Adding additional summer capacity on the DESC system does not currently avoid any future capacity and therefore does not create avoided capacity costs. The avoided capacity costs determined by the Company are based upon a reasonable and prudent evaluation of the DESC system.

Q. DO YOU AGREE WITH WITNESS SERCY'S STATEMENT ON PAGE 32 OF HIS DIRECT TESTIMONY THAT "DESC'S AVOIDED CAPACITY RATES DO NOT PUT SMALL POWER PRODUCERS

ON EQUAL FOOTING WITH UTILITY-OWNED RESOURCES AS REQUIRED" BY ACT NO. 62?

A. No. Act No. 62 lays out three specific conditions for ensuring that small power purchases are on a fair and equal footing with electrical utility owned resources by ensuring that:

(1) rates for the purchase of energy and capacity fully and accurately reflect the electrical utility's avoided costs;

(2) power purchase agreements, including terms and conditions, are commercially reasonable and consistent with regulations and orders promulgated by the Federal Energy Regulatory Commission implementing PURPA; and

(3) each electrical utility's avoided cost methodology fairly accounts for costs avoided by the electrical utility or incurred by the electrical utility, including, but not limited to, energy, capacity, and ancillary services provided by or consumed by small power producers including those utilizing energy storage equipment. Avoided cost methodologies approved by the Commission may account for differences in costs avoided based on the geographic location and resource type of a small power producer's qualifying small power production facility.

All three of these conditions are appropriately represented in the avoided costs calculated and filed in this docket.

Q. DO YOU AGREE WITH WITNESS SERCY'S STATEMENT ON PAGE 32 OF HIS DIRECT TESTIMONY THAT "THE AVOIDED CAPACITY COST CALCULATION USES UNREASONABLY LOW INPUT ASSUMPTIONS, SUCH THAT THE RESULTING RATES DO NOT ACCURATELY REFLECT DESC'S AVOIDED COSTS"?

A. No. Witness Sercy has provided no evidence to support this criticism. My responses provided above explain the appropriateness of the inputs that were used.

Q. WHAT IS YOUR RESPONSE TO WITNESS SERCY'S STATEMENT ON PAGE 32 OF HIS DIRECT TESTIMONY THAT "THE SOLAR QF RATE ELCC APPLICATION AND TECHNOLOGY-NEUTRAL RATE ALLOCATION OF CAPACITY VALUE ARE LIKELY UNDERMINING ACCURATE REFLECTION OF UTILITY AVOIDED COSTS IN RATES"?

A. I disagree. Witness Sercy again has provided no evidence to support this assertion and, as I explained above, the Company's avoided cost

calculations reasonably consider appropriate factors consistent with the statutory requirements.

Q. DO YOU AGREE WITH WITNESS SERCY'S CHARACTERIZATION ON PAGES 33-34 OF HIS DIRECT TESTIMONY THAT THE DESC AVOIDED COST FILING IS NOT TRANSPARENT?

A. No. Company Witness Kassis fully addresses this criticism in his Rebuttal Testimony. In addition, however, I want to point out that Act No. 62 states that "[e]ach electrical utility's avoided cost filing must be reasonably transparent so that underlying assumptions, data, and results can be independently reviewed and verified by the parties and the commission." DESC has been fully transparent. The DESC avoided cost filing and the information and documentation that has been provided to the intervenors through discovery in response to their extensive requests completely negates Witness Sercy's contention.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes.